

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3485

Treasury Management Strategy Statement 2026-27, GLA investment matters and extension of existing financial support arrangements for Transport for London

Executive summary:

This decision form sets out the GLA's Treasury Management Strategy Statement (TMSS) for 2026-27, an oversight and control framework for the treasury management activities of the GLA. It incorporates the GLA's Integrated Investment Strategy (IIS), which expands the scope of the GLA investment strategy to also cover financial investments other than those directly linked to treasury management.

The TMSS reflects developments in best practice and developments within the GLA Group, including the Mayor's Green Finance Fund (GFF), the London Treasury Liquidity Fund (LTLF) and the GLA subsidiaries primarily concerned with investment management: London Treasury Limited (LTL) and SME Wholesale Finance (London) Limited (trading as "Funding London").

Matters reserved for Mayoral approval under the respective articles of association for the LTL and Funding London groups are included in this document. These comprise the: operational budgets of LTL and Funding London entities; LTL's 2026-27 Business Plan; and approval for certain proposals for the re-investment of (Greater London Investment Fund) GLIF returns to launch two new successor sub-funds.

Reflecting ongoing financial risks facing Transport for London (TfL) and the continuing comparative strength of the GLA's treasury position, this decision paper also sets out a proposed renewal of the call-off grant facility set out in Mayoral Decisions MD3041 and MD3362 to 2026-27, at a level of £350m (as was agreed for 2025-26).

Decision:

That the Mayor approves:

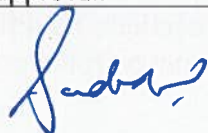
- i. the Treasury Management Strategy Statement for 2026-27 (Appendix 1)
- ii. the GLA Integrated Investment Strategy (Appendix 2) and delegates authority to the Chief Finance Officer (CFO) to approve any amendments to it as may be required from time to time to reflect developments in relevant work streams, save for the matters specifically reserved for Mayoral approval
- iii. the use of investment returns from current GLIF Limited's sub-funds into new funds that supports the SME Investment Strategy of Funding London outlined in Appendix 2; and approves:
 - (a) a commitment of £3 million to a new early-stage equity fund
 - (b) a commitment of £20 million to a new SME Growth Loan fund
 - (c) a delegation of authority to the CFO to approve reinvestment of further returns
- iv. a delegation of authority to the CFO to do all such things (including the finalisation, approval and execution of any documents or agreements or granting approval for entering into a partnership) they consider necessary for the establishment and/or operation of any new funds in (iii), with advice from LTL
- v. the budgets for LTL, LTLF GP Limited and Funding London (Appendix 3) and delegates authority to the CFO to authorise transfers between the budgets in the LTL and Funding London groups further to any recommendation of the LTL's Chief Financial Officer and/or Chief Executive Officer to do so
- vi. the business plan for LTL (Appendix 4)
- vii. an advance of up to £350 million of additional funding to TfL, if required and flexibly over 2026-27, subject to the same delegations, authorisations and terms set out in detail within Mayoral Decision MD3041.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

18/3/26

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

1 Introduction and background

- 1.1 Treasury management is the management of borrowing, investments and cash flows, including banking and financial market transactions. It includes the effective control of risks associated with these activities and the pursuit of optimum performance consistent with those risks. In its treasury investment activities, the GLA prioritises (in order of priority) the security of principal sums invested, ensuring sufficient liquidity to meet obligations, and achieving an appropriate investment return commensurate with the level of risks accepted.
- 1.2 Under the Local Government Act 2003, subsequent regulations and statutory guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and the Chartered Institute of Public Finance and Accountancy (CIPFA), the GLA must create and adopt an annual Treasury Management Strategy Statement (TMSS) and an annual investment strategy. The proposed TMSS for 2026-27 is attached at Appendix 1.
- 1.3 Effective treasury management is central to the GLA's financial standing, given the multi-billion-pound scale of its operational cash flows, assets and liabilities. The management of the outstanding £5.0bn of external borrowing related to the construction of the Elizabeth Line and Northern Line Extension (NLE), ongoing housing and regeneration investment programmes and the Green Finance Fund (GFF) means that the cost of debt service is the GLA's largest single item of revenue expenditure and its greatest source of financial risk, alongside business rates volatility.
- 1.4 The GLA's strong cash and liquidity position provides opportunities for maximising value for the taxpayer, delivering additional impact to capital spending and service-based investment programmes and supporting the activities of the functional bodies. Examples include:
 - (a) Initial finance for the GFF – where finance is available to the functional bodies (and other public sector bodies and quasi-public sector bodies meeting essential credit criteria) for capital expenditure to help achieve Net Zero 2030 or other significant environmental impact, allowing the GLA to act flexibly around capital market conditions.
 - (b) The Mayor's Land Fund – where GLA and GLA subsidiaries' working capital is allocated to be invested on a commercial basis, alongside £486m of MHCLG grant with more flexible risk/return requirements, in pursuit of affordable housing impact.
 - (c) Additional financial support for Transport for London (TfL) – providing TfL with a financing facility that can be used if required, to ensure sufficient comfort that it can meet potential risks should they arise.
 - (d) Forecast interest income of £88m from the investment of cash balances during 2026-27 supporting the GLA: Mayor budget.
- 1.5 The GLA's position as the principal group recipient of business rates, grants and precepts and its record for prudent financial management means it has the strongest credit metrics in the GLA Group and hence the highest credit rating (affirmed in March 2025 by S&P Global Ratings at AA/A-1+, stable outlook). Credit rating agencies consolidate GLA Group borrowings as implicit obligations of the GLA, therefore the GLA has a direct interest in groupwide borrowing risk, which is taken into account in advice given to the Mayor when setting affordable borrowing limits.
- 1.6 The Treasury Shared Service Team at London Treasury Limited (LTL) is responsible for providing strategic advice on and subsequently managing the GLA's borrowings, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks and the paramount objective of preserving capital.

- 1.7 UK local authorities must set a balanced revenue budget on an annual basis (i.e. spending on revenue items must be matched to revenue income or use of revenue accounting reserves); capital expenditure need not be fully funded (in accounting terms) in the year it occurs, but rather the cost (in accounting terms) can be spread over a period commensurate with the benefit the expenditure delivers.
- 1.8 Any amounts not funded in-year feed into the relevant authority's capital financing requirement (CFR) which is then reduced over time by annual funding from the revenue account, and potentially also by 'applying' capital resources in future years. Authorities must maintain a policy for calculating a prudent minimum for those annual revenue contributions, referred to annually as the minimum revenue provision (MRP). The GLA's MRP policy is included with the TMSS. Though no fundamental changes are necessary, the MRP policy has been reviewed following changes to regulation and guidance.
- 1.9 The consequence of any decision to incur unfunded capital expenditure is debt, since the expenditure in question must ultimately be paid for in cash. Debt can take the form of credit arrangements such as finance leases or borrowing. The GLA has no significant credit arrangements (beyond finance leasing arrangements valued at £25m) but c.£5bn of borrowing.
- 1.10 Borrowing can take two forms:
- (a) External borrowing – money (principal) received from another party which must be paid back and meanwhile incurs interest.
 - (b) Internal borrowing – use of cash balances arising from reserves and the timing differences between income and expenditure unrelated to the unfunded item. This cash must however be replaced with external borrowing when reserves are needed or timing differences reverse and meanwhile incurs an opportunity cost from lost investment income.
- 1.11 Treasury management underpins both revenue and capital plans, bridging the gap between accounting measures of income and expenditure and actual cash movements, which can differ significantly. It ensures cash is available when needed and, for unfunded capital spending, advises on the budgetary consequences of any ensuing MRP and arranges borrowing to meet cash flow needs. It also supports the Mayor and CFO in meeting their statutory duties for maintaining prudent, affordable and sustainable finances.
- 1.12 This task is significantly more complicated for the GLA than for many other local authorities due to unique statutory and operational circumstances, which require ringfencing of income streams, borrowing or both. This means that the GLA operates a multi-pool approach to debt management, with the CFR decomposed and matched by dedicated loans under the following themes:
- (a) The Elizabeth Line – the GLA's programme of unfunded capital grants to TfL for the Elizabeth Line forms most of the CFR, financed by borrowing structured to match expected income from the Crossrail Business Rate Supplement (BRS) and the Mayoral Community Infrastructure Levy (MCIL). BRS is hypothecated under statute and MCIL under contract with the Department for Transport until this debt is extinguished.
 - (b) The Northern Line Extension (NLE) – under an innovative collaborative financing model, the GLA pools developer contributions and retained business rates from the London boroughs of Lambeth and Wandsworth, using the (more stable) pooled revenue stream to fund greater initial debt finance than either the GLA or two boroughs could achieve individually. Revenues are contractually ringfenced, and a guarantee agreement between the GLA and HM Treasury (HMT) necessitates the dedication of specific loan proceeds to the NLE project account. The GLA's CFR in relation to the NLE arises from cumulative unfunded capital grants to TfL, net of any project account surpluses applied.
 - (c) The GFF – borrowing under the Green Financing Framework must be linked to specific

environmental investments. The ring-fenced GFF account matches eligible investments to borrowings and tracks related income and expenditure, with interest mismatches managed through the Green Finance Fund Reserve.

(d) MHCLG Financial Transactions – the London Housing Bank and Housing Zones programmes involve the GLA acting as an agent for MHCLG, making capital loans to housing providers financed with a broadly back-to-back facility from MHCLG. The GLA's obligations to MHCLG are linked to the performance of the relevant investments therefore they are analysed separately from other borrowing.

(e) Core CFR – mainly arises from the historical transfer of London Development Agency (LDA) assets and liabilities to the GLA plus unfunded capital loans to the London Legacy Development Corporation (LLDC), the Old Oak and Park Royal Development Corporation (OPDC) and, from 2026-27, Oxford Street Development Corporation (OSDC). The Core CFR also includes unfunded expenditure in relation to the London Museum and the Royal Docks and finance leasing arrangements.

1.13 Cross-subsidy between these pools is inappropriate. This, together with the very long-term nature of the largest pool (the Elizabeth Line) compared to any prudent horizon for reserve forecasts and the potentially catastrophic budgetary consequences of having to refinance this scale of debt at an unaffordable level, is the reason the GLA simultaneously has comparatively large borrowing and cash balances. The TMSS contains a detailed analysis of the CFR.

1.14 A future significant capital investment expected to begin as early as 2026-27 is the extension of the Docklands Light Railway to Beckton Riverside and Thamesmead. This large-scale transport infrastructure investment, supported by central government, TfL and the GLA, will enable the creation of an estimated 25,000 new homes and up to 10,000 new jobs in a deprived area with high housing need. The GLA plans to meet part of the initial construction cost (alongside TfL and central government), which will increase the CFR. The project will ultimately be funded through additional sources, including future growth in associated revenues and central government contributions. While the exact arrangements for managing borrowing are to be determined following the final business case, it is anticipated that the GLA will use the project account model adopted for Crossrail and the Northern Line Extension which involves the pooling of debt and hypothecated revenue funding streams to ensure other GLA Group budgets are protected.

GLA investments

1.15 In line with best practice, the scope of the annual investment strategy document continues to cover treasury investments as well as other financial investments beyond those held for treasury management purposes. The proposed GLA Integrated Investment Strategy (IIS) is attached at Appendix 2.

1.16 The IIS covers loans made by the GLA and/or its subsidiaries, investment in securities such as shares and bonds, economic rights arising from participation in partnerships and recoverable grants other than those made under the affordable housing programme.

1.17 Under CIPFA's Prudential and Treasury Management Codes, local authority investments fall into three categories, of which the first two below are relevant to the GLA:

(a) Service investments – typically long-term investments deployed mainly to achieve policy objectives such as regeneration, housing or environmental outcomes. These may or may not be on commercial terms, depending on funding sources, subsidy needs and subsidy control rules. Examples include the Mayor of London's Energy Efficiency Fund (MEEF), Land Fund loans and GLIF.

(b) Treasury investments – investments made from the GLA's cash balances, which arise from reserves, provisions, working capital (amounts owed by the GLA, less amounts owed to it) and

timing differences between income or borrowings and eventual expenditure. Their purpose is to protect public spending power, balancing security, liquidity and yield. Where these objectives are met, treasury investments may also support service or policy objectives, creating some overlap with service investment activity.

- (c) Commercial investments – investments, typically financed through borrowing, made primarily to achieve yield. These are discouraged by statutory guidance and may attract government intervention. The GLA has no investments in this category. Many service investments and all treasury investments are commercially robust, but they are not held for the primary purpose of generating yield.

1.18 GLA service investments fall under the following principal themes:

- (a) Housing and Land – loans and recoverable grants to developers and housing providers and investments in third-party funds and joint ventures supporting the Mayor's housing strategy. Investments which involve the development, management or exploitation of land on commercial terms, albeit with a primary objective of enabling housing delivery, are normally made through the GLA's commercial subsidiary GLA Land and Property Limited (GLAP). Housing and Land investments are largely funded and are generally managed in-house by the Housing and Land Investment team, supported by the CFO and London Treasury Limited (LTL). The GLA is in the process of establishing the City Hall Developer Investment Fund, which will help to unlock and accelerate housing delivery in London. The new programme plans to use a combination of grant funding and MHCLG financial transactions financing to intervene in projects that would otherwise not proceed. Financing and investment terms are being finalised with an essential objective being that budgetary risk is identified and provided for through programme resources to ensure the programme presents no material risk of loss to the GLA.
- (b) Regeneration – capital loans and recoverable capital grants managed by the Good Growth directorate's Regeneration team, generally funded by the Growing Places Fund.
- (c) Green Finance – including the London Energy Efficiency Fund (LEEF) legacy portfolio, MEEF, the GFF and the investment in the London Edge Fund. There is a mixture of funded and unfunded capital investments, with some potential overlap with treasury investments. LEEF and GFF assets are managed by LTL, whereas MEEF is externally managed.
- (d) Funding London – investments into small to medium enterprises (SMEs), focussed on promoting economic growth in London through SME Wholesale Finance (London) Limited (trading as "Funding London"). There are currently two funds within the Funding London structure: the London Co-Investment Fund (LCIF), managed by LTL staff, and the Greater London Investment Fund (GLIF), overseen by an independent board supported by LTL. Appendix 2 outlines how investment returns from these funds will be used to establish a new SME debt fund and commit to a new SME equity fund that will together support the ambitions in the London Growth Plan.
- (e) Corporate – capital provided to subsidiaries (principally GLAP, LLDC, OPDC and OSDC) via share capital or loans to support service delivery and specialist activities optimally.

1.19 Treasury investments are predominantly managed collectively through the London Treasury Liquidity Fund LP (LTLF), an Alternative Investment Fund (AIF) established as a Scottish Limited Partnership (see MD2792). The limited partners are currently the GLA, the London Pensions Fund Authority (LPFA) and the GLA's functional bodies, other than OPDC and OSDC who are in the process of joining the fund at the time of writing. LTLF's principal benefit to its participants is the opportunity to maximise yield regardless of size of cash balances or the volatility of cashflows. LTLF's structure enables each participant to benefit from access to a far wider range of investment opportunities and higher yield instruments than would be possible on a stand-alone basis. This

serves to reduce risk and improve returns, especially through the inclusion of more complex assets such as Residential Mortgage-Backed Securities (RMBS).

- 1.20 LTLF's cost basis is estimated at 0.12 per cent of forecast assets under management for 2026-27 representing excellent Value for Money in comparison to other options available in the market.
- 1.21 Overall responsibility for treasury management sits with the CFO. The Chief Executive Officer of LTL leads the provision of a Group Treasury Function via the Treasury Shared Service team, which assists the CFO in the day-to-day management of treasury and investment activities and the related financial risks. LTL is also the Principal Portfolio Manager of LTLF assisted by specialist external managers for certain types of assets.
- 1.22 LTL is regulated by the Financial Conduct Authority (FCA) and has the capacity to undertake regulated activity for the GLA and its partners. Therefore, on a day-to-day basis, aside from circumstances where there are regulatory obligations or customer duties to others, the LTL team works as an integrated part of the GLA's finance function. The independent board of LTL brings extensive experience of the financial services sector and assists in the management of any conflicts of interest. Further information on the role of LTL is set out in the TMSS.
- 1.23 To maximise the public benefit from its extensive investment in treasury capability, in addition to the pooled investment arrangement of LTLF, the GLA delivers wider treasury management functions through shared services arrangements for:
 - (a) the London Fire Commissioner (LFC)
 - (b) the Mayor's Office for Policing and Crime (MOPAC)
 - (c) the London Legacy Development Corporation (LLDC)
 - (d) the London Pensions Fund Authority (LPFA)
 - (e) the Old Oak and Park Royal Development Corporation (OPDC)
 - (f) the Oxford Street Development Corporation (OSDC).
- 1.24 The conclusion of further treasury shared service arrangements with London local authorities is delegated to the CFO and Chief of Staff under MD2095.

2 Objectives and expected outcomes

- 2.1 The TMSS and IIS are key control documents which set out key parameters within which the treasury function may operate. Their approval here is intended to provide a reasonable safeguard to the substantial public assets under management.
- 2.2 Approval of delegations to officers is in line with Mayoral Decision-Making requirements and provides operational flexibility to pursue the business described in the entities involved. The delegations in this decision are specific, reinforcing the safeguarding of the financial assets of the organisation.

Treasury Management Strategy Statement (TMSS) including the Minimum Revenue Provision (MRP) Policy and Treasury Management Practices (TMPs)
- 2.3 The TMSS and MRP Policy are set out at Appendix 1 and provide a strategic framework to achieve the prudent objectives set out in the policy statement within that document. The TMSS and MRP Policy have been prepared in accordance with the requirements of relevant legislation, statutory guidance and CIPFA guidance.

- 2.4 The proposed TMSS is broadly consistent with the version prevailing in 2025-26. It has been prepared on an integrated basis with the Mayor's Budget for 2026-27, and in particular takes account of the current capital finance context and outlook for interest rates.
- 2.5 Through this decision, the Mayor sets the overall level of permitted external borrowing for the GLA Group (i.e. borrowing from sources outside the group, such as the Public Works Loan Board), subject to rigorous assessment of affordability and having consulted the London Assembly through the process of setting the Mayor's Budget for 2026-27. This total is allocated between each functional body per Appendix 1, Annex 2.
- 2.6 The TMSS provides authority to substitute any planned external borrowing by any functional body with grants or loans from the GLA, and accordingly increase the GLA's external borrowing limit by the amounts so substituted, to the CFO who would agree the level and terms of any such grants or loans with the statutory chief finance officer of the functional body in question, provided that the overall level of external borrowing set out in Appendix 1, Annex 2 is not exceeded. The CFO will consult the Chief of Staff prior to executing any transaction of this type.
- 2.7 This mechanism will also apply to any use of the GFF by the functional bodies, allowing the GLA to aggregate capital expenditure related to positive environmental impact and refinance in due course, benefiting from preferential rates from investors focussed on those outcomes.
- 2.8 Where there will be no net impact on group external borrowing levels, the Mayor authorises the CFO to borrow on behalf of a functional body, where it is likely that a net saving may arise without prejudice to the GLA's credit rating, and to agree such arrangements with the statutory chief finance officers of those authorities.
- 2.9 Where capital expenditure is due to be funded by future revenues, the MRP policy provides a means to match those costs to the period over which the relevant benefits apply, reducing the risk of taxpayers in a particular period disproportionately bearing the cost of benefits enjoyed previously or subsequently. From a cashflow perspective, the MRP policy also ensures that a prudent amount of cash is available for the repayment of borrowings.
- 2.10 The MRP policy has been reviewed to ensure it is consistent with current prevailing guidance, though remains fundamentally unchanged from the previously approved policy.

Integrated Investment Strategy

- 2.11 The IIS seeks to improve transparency and better inform internal and external stakeholders about the nature and extent of the GLA's financial investments while introducing a more consistent framework across the programmes set out in paragraph 1.18, adopting the recommendations for investment management practices for service investments set out in CIPFA's latest guidance in the Treasury Management Code.
- 2.12 The governance, funding and reporting arrangements for each programme are presented as consistently as possible, including authorities and responsibilities for amending relevant parameters, strategies and terms of reference.
- 2.13 The assurance role of the Financial Risk Oversight Board (FROB), chaired by the CFO, is set out in the IIS in light of the above.
- 2.14 Due to active programmes of work in many of the programmes within scope, the IIS is intended to be a living document to maintain its usefulness to stakeholders, in particular potential co-investment partners. This Mayoral Decision asks the Mayor to delegate authority to the CFO to approve any amendments to it as may be required from time-to-time to reflect developments in relevant work streams, save for matters specifically reserved for Mayoral approval. This will include revising the IIS to reflect any changes arising in-year, including the impact of any relevant Mayoral Decisions, variations arising from the exercise of delegated authority, personnel changes or updated financial

information. The investment strategy for treasury investments specifically, which represents the most significant source of investment risk and return, may only be revised with Mayoral approval and must be confirmed annually. Therefore, the IIS will be presented at least annually to the Mayor for review as part of the annual treasury strategy setting process.

- 2.15 The IIS contains an updated GLA Group Responsible Investment Policy (introducing a prohibition on investment related to a range of weapons), and clarifies its applicability to all GLA investment programmes. The policy sets out the practices and approaches to investing responsibly, as well as the principles that guide them.

Recycling of returns from GLIF sub-funds

- 2.16 SME Wholesale Finance (London) Limited (trading as "Funding London") is the Mayor's investment entity for investing in and supporting high-growth innovative London SMEs via direct investment and through the creation of investment funds.

- 2.17 Funding London established its wholly owned subsidiary GLIF Limited in 2019 as a holding fund entity for supporting London's economic development strategy by channelling investment to SMEs that are important in enhancing London's competitiveness.

- 2.18 GLIF's core activity is the oversight of the external managers of its three sub-funds investing in SMEs and the management of the contracts that finance this activity. GLIF is also responsible for formulating strategies to continue to support SMEs caught in the gap in availability of finance from traditional sources such as banks, through proposals for the reinvestment of sub-fund returns. GLIF's activities are overseen by an independent board providing strategic advice and guidance on governance matters whilst LTL supports the day-to-day operations.

- 2.19 The three sub-funds provide loan and equity finance to London based SMEs and are managed by competitively selected fund managers. All the three sub-funds will have fully invested their commitments by 31 March 2026. This will leave a gap in support to this sector of strategic importance.

- 2.20 Creation of successor sub-funds to continue equity and debt financing provision remains a key priority for GLIF; thereby enabling the delivery of the Mayor's priorities to support innovation in the capital.

- 2.21 Under the GLIF articles, entering new partnerships remains a Reserved Matter requiring GLA approval. The GLIF Board has evaluated and approved the proposals set out below to support successor initiatives via the reinvestment of returns, subject to relevant approvals from the GLA.

- 2.22 The two new sub-fund proposals are:

- (a) A commitment of £3m over five years by GLIF to a successor equity sub-fund investing in innovative high-growth early-stage businesses in London. GLIF's commitment would leverage an investment of at least £10m in London based businesses by the fund.
- (b) A commitment by GLIF of £20m over five years to a successor debt sub-fund, co-developed alongside the British Business Bank who would commit a matching amount to create a £40m fund providing loans of up to £3m to London based high-growth SMEs.

- 2.23 In considering these proposals, the GLIF Board has evaluated the due diligence carried out by the executive Funding London investment team on strategic alignment including market trends, gap in financing, strategic fit with GLIF's and Mayoral objectives and alignment with the London Growth Plan. The team has also evaluated the investment case including key fund terms and features, fund managers' track record, key risks including market, execution, tax, legal, value for money and affordability.

- 2.24 Further details of the proposals can be found in the Integrated Investment Strategy in paragraphs

6.28 to 6.48 of Appendix 2.

Extension of the call-off grant facility for TfL

- 2.25 The existing TfL call-off grant facility is proposed to be retained over 2026-27. The GLA's substantial cash balances and capacity to refinance internal borrowing would enable the GLA to make available a facility of this scale. It is appropriate for the GLA to continue to provide the facility for group-wide financial resilience purposes although there are currently no plans to use the facility. The provision of the facility beyond 31 March 2027 will be subject to future Mayoral Decisions (through successive future editions of this report).

3 Equality comments

- 3.1 Under section 149 of the Equality Act 2010, the Mayor of London, as a public authority, must have 'due regard' of the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between people who have a protected characteristic and those who do not; and foster good relations between people who have a protected characteristic and those who do not. Relevant protected characteristics under section 149 of the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 3.2 Funding London recognises the importance of furthering the inclusivity agenda and its funds, fund managers and co-investment partners will continue to seek to improve levels of engagement with founders who are women; from a Black, Asian or minority ethnic background; or disabled, by working with organisations that specifically engage with disadvantaged groups.
- 3.3 LCIF's portfolio review as at 30 September 2025 suggests around 20 per cent founders identifying as female and a similar proportion from underrepresented ethnic groups. Whilst these figures are under-representative of London's population, they are, however, above wider comparative data. The UK government's Longitudinal Small Business Survey showed that in 2020, 16 per cent of UK SMEs were women-led businesses (15 per cent in 2019); and 16 per cent of London's SMEs were led by someone from a Black, Asian or minority ethnic background (15 per cent in 2019).
- 3.4 The quarterly review of the GLIF sub-funds as at 31 December 2025 also shows similar trends, with 19 per cent of founders identifying as female and 19 per cent from underrepresented ethnic backgrounds. GLIF's target to invest at least 20 per cent of the fund (£20m) in businesses founded or led by underrepresented entrepreneurs has been exceeded, with £42.7m invested in underrepresented entrepreneurs.
- 3.5 There are no other direct public sector equality duty implications arising directly from this report.

4 Other considerations

Key risks and issues

- 4.1 The primary objectives of the TMSS and IIS are to create a framework for the management of risks associated with borrowing, investment and cash flow management; the discussion of financial risk is therefore integrated throughout those documents.
- 4.2 In respect of the extension of the support facility for TfL, any use of the facility from the GLA to TfL will reduce the GLA's financial flexibility, with group-wide implications. This is mitigated by the intention to recover sums advanced under the facility, however circumstances delaying such recovery may lead to delays in delivery of other projects.

Links to Mayoral strategies and priorities

- 4.3 Secure funding and liquidity are essential to every aspect of delivering Mayoral strategies and priorities.
- 4.4 Collaborative working and shared services as a route to shared best practice, efficiency and service resilience comprise a core Mayoral objective.
- 4.5 The reinvestment of GLIF returns into the proposed equity and SME loan fund directly supports the delivery of the London Growth Plan.
- 4.6 The proposed support facility for TfL is consistent with the Mayor's Transport Strategy.

Consultations and impact assessments

- 4.7 There is no data protection impact.

Declarations of interest

- 4.8 There are no known conflicts of interest for those involved in the drafting or clearance of this decision.

5 Financial comments

Revenue implications of the TMSS

- 5.1 No direct financial implications arise from the approval of the TMSS, but it does represent an integral part of the organisation's control environment.
- 5.2 The Mayor's Budget for 2026-27 includes investment income and financing cost expenditure, developed from the GLA's capital expenditure and financing plans, its forecast balance sheet position, and the outlook for external borrowing costs. Budgeted interest and MRP for 2026-27 are as follows:

2026-27 Treasury Budget	GLA Core	BRS Crossrail	NLE	Total
Interest Receivable (A)	-88.3	-2.7	-4.0	-95.0
Interest Payable (B)	5.9	111.2	25.1	142.2
Net Interest Budget (A + B)	-82.4	108.5	21.1	47.2
Minimum Revenue Provision (MRP)	0.4	301.2	66.0	367.6

Budgets for the LTL and Funding London groups

- 5.3 Setting budgets for LTL and Funding London entities is good practice, mirroring the discipline observed across the rest of the GLA Group. This will provide a benchmark by which the entities may measure their performance against operational cost base expectations. Any variation in spend exceeding these budgeted sums will have an impact either on the fees paid by partners (including the GLA) or the returns delivered. Hence there is an indirect financial impact to the GLA as a partner should the cost base be exceeded. Financial monitoring in both subsidiary groups will ensure that any impact is managed and minimised.
- 5.4 The budgets proposed in Appendix 3 allow the GLA's financial investment subsidiaries to deliver their commitments under the baseline for the operating arrangements established during 2024-25. LTL's budgeted cost to the GLA is £1.5m for 2026-27, against £1.82m in 2025-26, a saving of £288k. From 2025-26 LTL provides additional services which eliminate £180k of staff costs in the

GLA's Treasury Services budget. The LTL business plan proposed in Appendix 4 sets out the strategic priorities for LTL for 2026-27 alongside an annual review of key achievements for 2025-26.1.22

Recycling of returns from GLIF sub-funds

- 5.5 There are no financial implications arising from the proposed recycling of investment returns from GLIF Sub-funds: approval will not result in any new funding being allocated from the GLA budget, either to the programmes directly, or towards management resources in LTL.

Extension of the call-off grant facility for TfL

- 5.6 The cost of providing finance under the facility (in the case of allocating existing group cash, through foregone interest receivable and in the case of borrowing, through interest payable) must be identified and the arrangements would ensure the GLA's financial position was not disadvantaged through the use of the facility. The cost could be in the region of £13m per annum if the facility is used in full, for a full financial year. As set out in MD3041, any drawdown against the facility would amount to an accelerated profile of business rates funding, not an absolute increase.
- 5.7 Local government finance legislation stipulates that revenue resources can be used to fund capital spending, but capital resources cannot fund revenue spending. Capital grants can either be funded at the outset (from capital or revenue income or reserves) or financed, pending later funding. The amount that can be made available for capital purposes in addition to existing budgets is therefore constrained by the GLA's level of cash (and/or borrowing capacity) together with the need for a high level of certainty that the amount can be repaid from revenue over a period commensurate with the benefits arising from the capital expenditure.
- 5.8 In addition to the constraint of cash being available, revenue grants must also be matched to an income source or released from a revenue reserve in-year. Groupwide, income sources are already fully allocated so flexibility to provide revenue support to TfL beyond planned amounts is limited to reprofiling or substituting capital resources for retained business rates revenue that is currently planned to fund capital grants.

6 Legal comments

TMSS, IIS and budgets for the LTL and Funding London groups

- 6.1 Part 1 of the Local Government Act 2003 (the Act) introduced a new statutory regime to regulate the borrowing and capital expenditure of local authorities. Section 23(1)(d) and (e) provides that the GLA and the functional bodies are local authorities for this purpose.
- 6.2 Section 3(1) of the Act provides that all local authorities are to determine and keep under review how much money they can borrow. Section 3(2) of the Act is more specific in relation to the Mayor and functional bodies by providing that the determination is to be made by the Mayor following consultation with the Assembly, in the case of the GLA, or the relevant functional body. As a result, borrowing limits could be changed in-year, as well as at the start of financial years. Under section 1 of the Act, the GLA and the functional bodies may borrow money for any purpose relevant to their functions under any enactment or for the purposes of the prudent management of their financial affairs.
- 6.3 Under section 12 of the Act, the GLA, functional bodies and London boroughs as local authorities may invest for any purpose relevant to their functions under any enactment or for the purposes of the prudent management of their financial affairs.
- 6.4 Under section 127 of the Greater London Authority Act 1999 (the GLA Act), the GLA has a duty to make arrangements for the proper administration of its financial affairs. Responsibility for the

administration of those affairs lies with the CFO as the statutory chief finance officer of the Authority under section 127(2)(b) of the GLA Act. The management of the Authority's treasury function and the development and monitoring of the treasury strategy fall within the responsibility of the CFO.

- 6.5 Section 401A(2) of the GLA Act, as amended, permits a shared service arrangement, by providing that any 'relevant London authority' (which term includes the GLA itself, any functional body of the GLA and the LPFA) may enter into arrangements for the provision of administrative, professional or technical services by any one or more of them to any one or more of them, whether for consideration or otherwise. This enables the GLA, the functional bodies and the LPFA to delegate the professional, technical and administrative functions involved in treasury management to the GLA and for them all to jointly participate in LTLF under their common powers to borrow and invest for the prudent management of their financial affairs.
- 6.6 Although London boroughs are not covered by section 401A, they and the GLA are local authorities for the purposes of the Local Authorities (Goods and Services) Act 1970. As a result, the GLA may provide the same professional, technical and administrative functions involved in treasury management to boroughs, who also share the same investment and borrowing powers.
- 6.7 However, the Local Authorities (Contracting Out of Investment Functions) Order 1996 requires that local authorities may only contract with a Financial Services and Markets Act 2000 authorised firm in respect of certain investment functions. The GLA's authorised and regulated subsidiary, LTL, may provide those functions that the GLA itself may not. LTL will therefore continue to manage investments into LTLF, including on behalf of the GLA and LTLF's other limited partners.
- 6.8 Under section 120 of the GLA Act, the GLA may pay (capital) grants towards meeting capital expenditure incurred or to be incurred by a functional body for the purposes of, or in connection with, the discharge of the functions of that body. A capital grant under section 120 must not be made subject to any limitation in respect of the capital expenditure which it may be applied towards meeting and must be applied by the recipient body solely towards meeting capital expenditure incurred or to be incurred by that body for the purposes of, or in connection with, the discharge of its functions.
- 6.9 Under section 30(1) of the GLA Act, the Mayor, acting on behalf of the GLA, may do anything he considers will further the principal purposes of the GLA of promoting economic development and wealth creation, promoting social development, and promoting the improvement of the environment in Greater London. The exercise of this power is subject to the requirement to have regard to the matters identified in section 30(3-5), to consult with such bodies or persons as the Authority may consider appropriate in the particular case (section 32(1)), and making appropriate arrangements with a view to securing that in the exercise of the power conferred on the Authority by section 30, there is due regard to the principle that there should be equality of opportunity for all people (section 33(1) of the GLA Act).
- 6.10 Under section 34(1) of the GLA Act, the GLA may do anything it considers will facilitate or is conducive or incidental to the exercise of any functions of the Authority exercisable by the Mayor or, as the case may be, by the Authority or by both acting jointly, where the Authority shall not by virtue of this section raise money (whether by precepts, borrowing or otherwise) or lend money, except in accordance with the enactments relating to those matters. Sections 30 and 34 provided the legal powers for the GLA to have established a Scottish general partner and for LTL to have become the sole company member of the general partner on incorporation, and thereby for the general partner to become an indirect wholly owned subsidiary of the GLA. LTLF GP Limited (formerly known as LSR GP Limited) was incorporated in Scotland in November 2020. LTLF (formerly known as GLA Strategic Reserve LP) was subsequently established in January 2021, with LTLF GP Limited as its general partner and the GLA as its initial limited partner.
- 6.11 As wholly-owned subsidiaries, Funding London, LTL and LTLF GP Limited are regulated companies

under the Local Authorities (Companies) Order 1995 (as amended) which imposes duties on the companies including as regards the identification of them as GLA subsidiaries on their company documentation, the access of the GLA auditors to their accounts and also the right for GLA elected members to inspect their meeting agendas and minutes. They are also subject to legislative requirements applicable to other members of the GLA Group including the Freedom of Information Act 2000.

- 6.12 The Mayor can authorise a GLA director under section 38 of the GLA Act to exercise the GLA's rights as a company member at company general and board meetings in order to acquire sole ownership and then exercise control of the company going forward.
- 6.13 In addition, local authority subsidiary companies cannot do things outside the powers of the authority that owns it.
- 6.14 The LTLF was established by the GLA as a Scottish Limited Partnership to enable the LTLF to be structured as an AIF. The GLA is a limited partner in the LTLF. The GLA has the power to do this pursuant to section 12 of the Act which states that the GLA has the authority to invest for any purpose relevant to its functions and for the purposes of the prudent management of its financial affairs, and section 30 of the GLA Act which permits the GLA to do 'anything' that it considers will further any of its principal purposes in subsection (2) (as summarised in paragraph 6.9 above).
- 6.15 In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.16 Under section 38(1) and (2) of the GLA Act, the Mayor has the power to delegate authority to the CFO as proposed in this decision.
- 6.17 SME Wholesale Finance (London) Limited (trading as "Funding London") is a private company limited by guarantee, of which the GLA is the sole company member. The Mayor appoints the board of Funding London.
- 6.18 Officers must ensure that they continue to manage the GLA's relationship with Funding London (and its subsidiaries) in accordance with the agreements (as varied) in place between them.

Extension of the call-off grant facility for TfL

Mayor's general transport duty

- 6.19 Section 141(1) of the GLA Act sets out the Mayor's "general transport duty", which is a duty to develop and implement policies for the promotion and encouragement of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London. Under subsection (2) the Mayor must exercise the powers of the GLA concerning transport under Part IV of the GLA Act for the purpose of securing the provision of the transport facilities and services mentioned in subsection (1). The general transport duty is reflected in the Mayor's Transport Strategy (MTS). Under section 142 the MTS must contain the Mayor's policies under section 141(1), and proposals for discharging the duty under section 141(2) above.
- 6.20 The financial comfort and support to be provided to TfL by the advance of up to £350m of additional funding as described in this form is a key measure in securing the overall implementation of the MTS for the delivery of transport services and the improvement of London's transport network, together with the associated investment it brings to London's economy.

GLA borrowing powers

- 6.21 Section 1 of the Act gives local authorities (including the GLA) the power to “borrow money –
- (a) for any purpose relevant to its functions under any enactment; or
 - (b) for the purposes of the prudent management of its financial affairs.”
- 6.22 In discharging its functions under Part 1 of the Act the Mayor must have regard to CIPFA’s Prudential Code for Capital Finance in Local Authorities (as re-issued from time to time).
- 6.23 To the extent that the support provided to TfL by the GLA, as described in this form, entails borrowing by the GLA, it is authorised under both parts of section 1 of the Act, being relevant to the Mayor’s general transport duty and for the purposes of the prudent management of the GLA’s financial affairs. The Mayor also has the function under sections 120 and 121 of the GLA Act of making capital and revenue grants to functional bodies (see below).

Affordable borrowing limit

- 6.24 Under section 3 of the Act, the Mayor, after consultation with the Assembly, determines how much money the GLA and TfL can afford to borrow (affordable borrowing limit) and is under a duty to keep it under review. The London Assembly must be consulted before any new affordable borrowing limit is determined by the Mayor. The proposals for financial comfort and support to be provided to TfL in relation to the advance of up to £350m of additional funding, as described in this form, do not involve any increase in the affordable borrowing limit determined for the GLA for 2026-27.

Use of retained business rates

- 6.25 The GLA’s primary source of government support apart from the Home Office police grant is through the business rates retention system introduced in 2013-14. Retained business rates replace funding previously provided for the GLA via its general grant and through revenue support grant to support fire services and policing in London as well as the former TfL capital investment grant and residual operating grant. Sums in respect of retained business rates received by the GLA can be applied for any lawful purpose by the Mayor and are not subject to any ringfencing.

Capital grants from Mayor to TfL: section 120 of the GLA Act

- 6.26 Funding derived from the sources identified in this form in relation to the advance of up to £350m of additional funding including, without limitation, borrowing and retained business rates, may be transferred to TfL by way of a combination of capital grant and revenue grant. Sections 120 and 121 of the GLA Act (as amended) give the Mayor power to pay grants towards meeting capital and non-capital (revenue) expenditure respectively, incurred or to be incurred by a functional body for the purposes of, or in connection with, the discharge of the functions of that body. A grant under section 120 or 121 must not be made subject to any limitation in respect of the expenditure which it may be applied towards meeting. However, a capital grant must be applied by the recipient body solely towards meeting capital expenditure by the recipient body, and a revenue grant may only be applied by it towards meeting its non-capital expenditure, as the case may be, incurred or to be incurred by that body for the purposes of, or in connection with, the discharge of its functions.
- 6.27 All funding from the GLA to TfL under the approval given in this form in relation to the advance of up to £350m of additional funding will be made by means of grant under section 120 or 121, irrespective of the GLA’s own source of that funding e.g. from GLA borrowing or from retained business rates.

7 Planned delivery approach and next steps

- 7.1 The TMSS, including the IIS, will apply with immediate effect.

Appendices and supporting papers:

Appendices

- (a) Appendix 1 – Treasury Management Strategy Statement for 2026-27
- (b) Appendix 2 – GLA Integrated Investment Strategy
- (c) Appendix 3 – LTL and Funding London Group Budgets
- (d) Appendix 4 – LTL Annual Review and Business Plan

Supporting papers

- (e) The Mayor's Draft Consolidated Budget 2026-27
- (f) MD3362 Treasury Management Strategy Statement, GLA investment matters and additional financial support for Transport for London for 2025-26
- (g) MD3231 Treasury Management Strategy Statement and GLA investment subsidiary matters for 2024-25
- (h) MD3128 Treasury Management Strategy Statement and GLA investment subsidiary matters for 2023-24
- (i) MD3041 Additional financial support for Transport for London
- (j) MD2792 Treasury Management Strategy Statement 2021-22
- (k) MD2095 Treasury Management Strategy Statement 2017-18

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive information

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Maggie Rodriguez-Piza has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision:

✓

Sponsoring Director:

Fay Hammond has reviewed the request and is satisfied it is correct and consistent with the Mayor’s plans and priorities.

✓

Mayoral Adviser:

David Bellamy has been consulted about the proposal and agrees to the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Mayoral Delivery Board

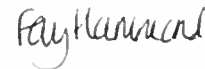
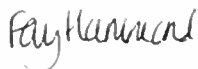
This decision was agreed by the Mayoral Delivery Board on 9 March 2026

CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Signature



CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor.

Signature

Signature

